

LIBRARY OF VIRGINIA

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2007 AND JUNE 30, 2008**



AUDIT SUMMARY

Our audit of the Library of Virginia for the period July 1, 2006, through June 30, 2008, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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AGENCY HIGHLIGHTS

The Library of Virginia provides reference and research assistance to other state agencies, members of the General Assembly, public libraries, and the general public, and houses the archival records of the Commonwealth of Virginia. The Library provides assistance to state agencies and public libraries to maintain libraries, collections and educational services, preserve publications, and update record management. In both fiscal year 2008 and 2007, the Library distributed around \$18 million in state aid to public library systems.

The Library also operates the State Records Center, which houses the archives annex, reading room, media vault, and Imaging Services Department. The State Records Center maintains inactive and permanent records, as well as security microfilm copies of state and local government records. The Library administers the following three programs to provide these services.

- *Archives Management Program* provides a central reference library, a repository for all state publications, and the archives of the Commonwealth, as well as manages the Virginia Heritage Resource Center.
- *Financial Assistance for Cultural and Artistic Affairs Program* provides management guidance, fiscal oversight, staff development, and other consulting services to more than 90 public library systems.
- *Statewide Library Services Program* provides advisory assistance to public libraries within the Commonwealth and provides public access to more than 19.2 million materials ranging from books to posters and paintings.

In addition, the Library administers an Administrative and Support Services Program that includes the Library's accounting, budgeting and financial reporting, human resources, photographic and digital imaging, information technology, facilities management, housekeeping, and similar activities and a public information office.

The table below shows the fiscal year 2008 and 2007 original and amended budget and actual expenses for the three funding sources of the Library: General Fund, Special Revenue, and Federal Grants. General funds consist of normal operating expenses. Special Revenue funds come from the storage fees charged to agencies and courts for documents and records, and from local circuit court records preservation fees.

These funds support of the Library's programs and operations, and provide grants to local circuit courts for record preservation projects. The Library has four federal grants in both fiscal year 2008 and 2007. These grants help preserve United States imprint newspapers, maintain a multivolume historical reference on Virginians, and promote access to learning and information resources.

Funds	2008			2007		
	Original	Final	Actual	Original	Final	Actual
General	\$31,112,014	\$31,097,607	\$31,097,607	\$31,365,691	\$31,664,911	\$31,657,962
Special revenue	4,848,624	4,856,661	4,844,072	4,798,624	4,798,624	3,788,638
Federal trust	<u>5,107,865</u>	<u>5,224,630</u>	<u>4,257,964</u>	<u>5,107,865</u>	<u>5,307,865</u>	<u>5,124,554</u>
	<u>\$41,068,503</u>	<u>\$41,178,898</u>	<u>\$40,199,643</u>	<u>\$41,272,180</u>	<u>\$41,771,400</u>	<u>\$40,571,154</u>

Source: Commonwealth Accounting and Reporting System

The table below summarizes the Library's expenses by major type for fiscal years 2008 and 2007. Personnel expenses are \$12.54 million, or 31 percent, of fiscal 2008 expenses. Transfer payments are aid to state libraries, and are over 44 percent of total expenses. The majority of the remaining expenses are for contractual services (14 percent) and continuous charges (seven percent). Contractual Services are primarily payments for computer equipment paid the Virginia Information Technologies Agency and charges for research and reference services, and records management. The continuous charges are building maintenance and utilities.

Analysis of Actual Expenses by Major Type

Fiscal Years Ended June 30, 2008 and June 30, 2007

<u>Type of Expense</u>	<u>Fiscal Year</u>	
	<u>2008</u>	<u>2007</u>
Continuous Charges	\$ 2,717,517	\$ 2,745,067
Contractual Services	5,660,067	4,795,916
Equipment	829,671	2,266,518
Personal Services	12,537,251	11,386,080
Supplies and Materials	578,180	683,828
Transfer Payments	<u>17,876,957</u>	<u>18,693,745</u>
Total	<u>\$40,199,643</u>	<u>\$40,571,154</u>

Source: Commonwealth Accounting and Reporting System



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

February 2, 2009

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable M. Kirkland Cox, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the financial records and operations of the **Library of Virginia** for the years ended June 30, 2007, and June 30, 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Library's internal control; test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

The Library's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenues
Expenditures
Payroll

Small purchase charge card
The Virginia Shop
Cash receipting and collections of accounts receivable
Network Security

We performed audit tests to determine whether the Library's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Library's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Library properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System for the cycles listed in the scope section of this report. The Library records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation and compliance with applicable laws and regulations that require management's attention and corrective action. The Library has taken adequate corrective action with respect to audit finding reported in the prior year.

Exit Conference and Report Distribution

We discussed this report with management on February 2, 2009.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

AGENCY OFFICIALS

THE LIBRARY OF VIRGINIA

Sandra Treadway
Librarian of Virginia

The Library Board

Valerie Jean Mayo
Chair

John S. DiYorio
Vice Chair

Christopher R. Clarke	David Poyer
Mary G. Haviland	Mark D. Romer
Ronald S. Kozlowski	Stephen E. Story
Marc Leepson	Charles W. Sydnor, Jr
George E. Lovelace	Carole M. Weinstein
Lewis F. Powell III	Henry Wiencek

Clifton A. Woodrum, III